

ORIGINAL

Re 3(c)(i)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
W. R. GRACE & CO., et al.,)	Case No. 01-01139 (JKE)
)	
Debtors.)	(Jointly Administered)
<u>W. R. GRACE & CO. -Conn.,</u>)	
)	
Plaintiff,)	
)	
v.)	Adv. Pro. No.: 02-01657
)	
NATIONAL UNION FIRE INSURANCE)	
COMPANY OF PITTSBURGH, PA,)	
)	
<u>Defendant.</u>)	

STIPULATION AND AGREED ORDER BY AND AMONG
W. R. GRACE & CO.-CONN. NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA. REAUD, MORGAN & QUINN, INC.
AND ENVIRONMENTAL LITIGATION GROUP, P.C.

WHEREAS, W. R. Grace & Co.-Conn ("Grace"), as plaintiff in the above-captioned adversary proceeding, filed a Motion for Preliminary Injunction and Temporary Restraining Order (the "Motion") under Fed. R. Bankr. P. 7065 and Section 105(a) of the Bankruptcy Code in the above-captioned adversary proceeding (the "Complaint"); and

WHEREAS, the parties have reached an agreement to resolve the Motion as set forth herein.

NOW, THEREFORE, IT IS HEREBY STIPULATED by the undersigned parties, subject to the approval of this Bankruptcy Court, that:

1. The following terms are defined for purposes of this Stipulation:
 - (a) "RMQ" means the law firm of Reaud, Morgan & Quinn, Inc.
 - (b) "ELG" means the law firm of Environmental Litigation Group, P.C.

- (c) "Texas Agreement" means the "Confidential Settlement Agreement For Texas Cases," entered into between Grace and RMQ on or about September 21, 2000.
- (d) "Alabama Agreement" means the "Confidential Settlement Agreement for Alabama Cases," entered into between Grace, RMQ and ELG on or about August 25, 2000.
- (e) "National Union" means the Defendant, National Union Fire Insurance Company of Pittsburgh, PA.
- (f) "Letter of Credit" means the letter of credit obtained by Grace as partial collateral for the surety obligations of National Union with respect to the Texas Agreement and the Alabama Agreement.
- (g) The "January 15, 2002 Texas Installment" means the installment payment of January 15, 2002 for \$3,470,280 described at pages 3-4, ¶ 5 of the Texas Agreement.
- (h) The "January 15, 2002 Alabama Installment" means the installment payment of January 15, 2002 for \$9,729,720 described at pages 3-4, ¶ 5 of the Alabama Agreement.
- (i) The "January 15, 2003 Installments" means the installment payment of January 15, 2003 described at pages 3-4, ¶ 5 of the Texas Agreement and the installment payment of January 15, 2003 described at pages 3-4 ¶ 5 of the Alabama Agreement.

2. National Union is permanently enjoined from paying the January 15, 2002 Texas Installment to RMQ.

3. National Union shall pay the January 15, 2002 Alabama Installment to RMQ and ELG pursuant to the terms of the Alabama Agreement within five (5) business days after this Stipulation becomes final and non-appealable pursuant to Rule 8002(a) of the Federal Rules of Bankruptcy Procedure.

4. National Union is permitted to draw upon the Letter of Credit in the amount of the January 15, 2002 Alabama Installment.

5. Nothing herein is intended or shall be construed to waive any defenses, objections or rights of Grace, National Union, RMQ or ELG with regard to the Complaint as it pertains to the January 15, 2003 Installments and this Stipulation in no way addresses, determines or has any impact whatsoever on such issues.

6. This court shall retain jurisdiction to hear and determine all matters related to the entry of this Stipulation.


7. This Stipulation is subject to the approval of this Court, and the terms and provisions of the agreement contained herein shall be void and of no further force and effect if such approval is not granted.

8. Each of the undersigned counsel represents that he is authorized to execute this Stipulation on behalf of his respective client.


9. This Stipulation may be executed in multiple facsimile or original counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

So stipulated and agreed this 19th day of April, 2002.

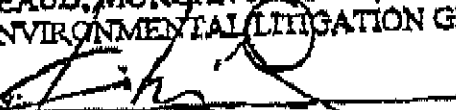
W. R. GRACE & CO. CONN.

By: 
James W. Kapp III, One of their Counsel
Christian J. Lane, One of their Counsel
Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Telephone: (312) 861-2000
Facsimile: (312) 861-2200


NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA.

By: 
Michael S. Davis
Zeichner Killman & Krause LLP
575 Lexington Avenue
New York, New York 10022
Telephone: (212) 233-0400
Facsimile: (212) 753-0396

REAUD, MORGAN & QUINN, INC. AND
ENVIRONMENTAL LITIGATION GROUP, P.C.

By: 
Kevin D. McDonald
Wilshire Scott & Dyer, P.C.
1221 McKinney, Suite 3000
Houston, Texas 77010
Telephone: (713) 651-1221
Facsimile: (713) 651-0020

SO APPROVED AND ORDERED this 20 day of May, 2002


Judith K. Fitzgerald
United States Bankruptcy Judge